



VERNON COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1999

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-74
August 11, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2000

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Vernon, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Vernon County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The budgets of the Special Road and Bridge Fund did not present a reasonable estimate of the fund's expenditures, and as such, did not reflect realistic estimates or goals of what the county intended to accomplish during the budget year. State law allows the County Commission to impose a 3% administrative service fee on the Special Road and Bridge Fund. Based on the fund's budgeted expenditures, the county transferred approximately \$117,000 to the General Revenue Fund during the audit period. Had more reasonable budget estimates or actual disbursements been used the transfer amounts to the General Revenue Fund would have been \$40,000 less. The County Commission needs to review its budgeting procedures for the Special Road and Bridge Fund as well as reevaluate the amounts being transferred annually for the administrative service fee.
- The county and health center do not have procedures in place to track federal monies for the preparation of the schedule of expenditures of federal awards. The county's schedule of expenditures of federal awards contained numerous errors and omissions. An accurate schedule of expenditures of federal awards is necessary to ensure federal financial activity is audited and reported in accordance with federal requirements.

Also, included in the audit are recommendations to improve the accounting controls and procedures for the Health Center, Prosecuting Attorney, Assessor, Circuit Clerk and Sheriff. Several of the accounting control and procedure issues applicable to the Sheriff, Prosecuting Attorney and Circuit Clerk have been noted similarly in prior audits. The audit also suggested improvements be made in the county's computer controls, such as changing passwords periodically and developing a formal contingency plan.

Copies of the audit are available upon request.

YELLOW SHEET

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Vernon County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 1999 and 1998, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Vernon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Vernon County.

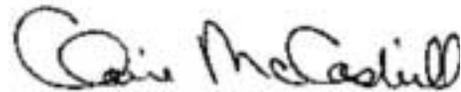
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Vernon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

1999 and 1998, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 30, 2000, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Vernon County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

March 30, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jon Halwes, CPA, CGFM
In-Charge Auditor:	Terrie Brady
Audit Staff:	Ayanna Merchant Jennifer Roderick



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Vernon County, Missouri

We have audited the special-purpose financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

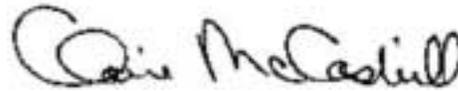
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Vernon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Vernon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Management Advisory Report.

This report is intended for the information of the management of Vernon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

March 30, 2000 (fieldwork completion date)

Financial Statements

Exhibit A-1

VERNON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 373,798	1,679,699	1,638,668	414,829
Special Road and Bridge	351,294	1,428,196	1,207,826	571,664
Assessment	8,745	161,569	164,609	5,705
Law Enforcement Training	1,337	5,702	5,808	1,231
Prosecuting Attorney Training	5,168	1,066	1,000	5,234
Health Center	217,544	429,555	440,837	206,262
Prosecuting Attorney Bad Check	25,792	14,516	20,115	20,193
Sewer	26,327	5,380	162	31,545
Shelter for Victims of Domestic Violence	0	2,916	2,916	0
Local Emergency Planning Commission	9,880	4,527	3,043	11,364
Recorder's User Fees	68,173	13,794	3,880	78,087
Community Outreach	0	15,000	15,000	0
Circuit Clerk Interest	17,678	4,445	2,643	19,480
Law Library	17,136	9,804	5,463	21,477
Sheriff Discretionary	14,228	39,954	35,149	19,033
Multa Flora Rose	7,764	54	7,818	0
Victim Impact Panel	3,991	1,713	1,100	4,604
Prosecuting Attorney Delinquent Tax	8,807	773	554	9,026
Sheriff Drug	310	5	0	315
Commissioners Escrow	0	16,120	0	16,120
Total	\$ 1,157,972	3,834,788	3,556,591	1,436,169

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

VERNON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 400,057	1,642,319	1,668,578	373,798
Special Road and Bridge	661,220	1,170,197	1,480,123	351,294
Assessment	12,283	200,776	204,314	8,745
Law Enforcement Training	3,349	6,291	8,303	1,337
Prosecuting Attorney Training	4,629	1,325	786	5,168
Health Center	229,731	386,369	398,556	217,544
Prosecuting Attorney Bad Check	27,248	14,294	15,750	25,792
Sewer	22,247	4,979	899	26,327
Shelter for Victims of Domestic Violence	0	2,817	2,817	0
Local Emergency Planning Commission	9,644	7,289	7,053	9,880
Recorder's User Fees	54,550	13,623	0	68,173
Community Outreach	0	8,200	8,200	0
Circuit Clerk Interest	13,288	4,390	0	17,678
Law Library	12,875	8,768	4,507	17,136
Sheriff Discretionary	3,494	37,104	26,370	14,228
Multa Flora Rose	0	10,000	2,236	7,764
Sheriff K-9	96	850	946	0
Victim Impact Panel	2,614	2,314	937	3,991
Prosecuting Attorney Delinquent Tax	7,423	1,459	75	8,807
Sheriff Drug	304	6	0	310
Total	\$ 1,465,052	3,523,370	3,830,450	1,157,972

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 217,300	232,244	14,944	178,091	189,596	11,505
Sales taxes	704,900	746,881	41,981	722,000	697,279	(24,721)
Intergovernmental	207,530	182,992	(24,538)	194,556	243,140	48,584
Charges for services	234,550	252,576	18,026	213,275	253,142	39,867
Interest	20,000	17,963	(2,037)	21,000	24,154	3,154
Other	159,286	181,350	22,064	223,279	183,276	(40,003)
Transfers in	65,693	65,693	0	51,581	51,732	151
Total Receipts	1,609,259	1,679,699	70,440	1,603,782	1,642,319	38,537
DISBURSEMENTS						
County Commission	88,572	88,505	67	62,307	61,084	1,223
County Clerk	137,592	134,025	3,567	120,549	119,346	1,203
Elections	31,950	20,001	11,949	49,950	45,684	4,266
Buildings and grounds	137,158	108,257	28,901	114,101	109,744	4,357
Employee fringe benefits	120,000	102,697	17,303	83,436	83,205	231
Ex Officio County Collector	64,569	62,865	1,704	62,900	61,821	1,079
Recorder of Deeds	66,912	65,737	1,175	56,117	54,456	1,661
Circuit Clerk	91,804	41,860	49,944	93,665	38,271	55,394
Court administration	22,732	27,897	(5,165)	18,682	17,187	1,495
Public Administrator	37,788	43,115	(5,327)	36,751	37,645	(894)
Sheriff	338,267	323,787	14,480	328,009	313,089	14,920
Jail	180,721	183,898	(3,177)	188,011	189,538	(1,527)
Prosecuting Attorney	116,949	107,812	9,137	106,671	101,809	4,862
Juvenile Officer	251,599	174,266	77,333	307,134	248,643	58,491
County Coroner	14,926	15,556	(630)	14,787	11,641	3,146
Other	122,618	112,801	9,817	143,447	132,678	10,769
Transfers out	24,082	5,000	19,082	29,944	27,119	2,825
Emergency Fund	48,280	20,589	27,691	47,500	15,618	31,882
Total Disbursements	1,896,519	1,638,668	257,851	1,863,961	1,668,578	195,383
RECEIPTS OVER (UNDER) DISBURSEMENTS	(287,260)	41,031	328,291	(260,179)	(26,259)	233,920
CASH, JANUARY 1	373,798	373,798	0	400,057	400,057	0
CASH, DECEMBER 31	\$ 86,538	414,829	328,291	139,878	373,798	233,920

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 90,796	92,514	1,718	75,000	85,564	10,564
Intergovernmental	1,853,881	1,292,433	(561,448)	1,407,794	1,023,991	(383,803)
Interest	22,000	19,830	(2,170)	30,000	27,763	(2,237)
Other	30,200	23,419	(6,781)	17,000	32,879	15,879
Total Receipts	<u>1,996,877</u>	<u>1,428,196</u>	<u>(568,681)</u>	<u>1,529,794</u>	<u>1,170,197</u>	<u>(359,597)</u>
DISBURSEMENTS						
Salaries	171,000	156,474	14,526	151,000	141,307	9,693
Employee fringe benefits	31,072	23,290	7,782	21,663	20,365	1,298
Supplies	25,000	20,266	4,734	25,000	18,986	6,014
Insurance	8,000	8,719	(719)	7,000	6,878	122
Road and bridge materials	54,500	65,031	(10,531)	21,000	18,740	2,260
Equipment repairs	11,000	17,094	(6,094)	10,000	6,791	3,209
Rentals	1,000	0	1,000	0	0	0
Equipment purchases	56,000	29,356	26,644	92,000	88,480	3,520
Construction, repair, and maintenance	430,000	255,668	174,332	400,000	308,506	91,494
Distributions to townships	300,000	300,000	0	400,000	550,000	(150,000)
Bridge construction	1,016,199	260,662	755,537	582,000	255,935	326,065
Shop building	80,000	350	79,650	0	0	0
Other	6,000	5,223	777	14,749	12,403	2,346
Transfers out	65,693	65,693	0	51,581	51,732	(151)
Total Disbursements	<u>2,255,464</u>	<u>1,207,826</u>	<u>1,047,638</u>	<u>1,775,993</u>	<u>1,480,123</u>	<u>295,870</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(258,587)	220,370	478,957	(246,199)	(309,926)	(63,727)
CASH, JANUARY 1	351,294	351,294	0	661,220	661,220	0
CASH, DECEMBER 31	\$ <u>92,707</u>	<u>571,664</u>	<u>478,957</u>	<u>415,021</u>	<u>351,294</u>	<u>(63,727)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 145,239	149,391	4,152	160,954	167,708	6,754
Charges for services	2,700	2,700	0	2,700	2,700	0
Interest	1,000	1,204	204	2,000	1,843	(157)
Other	3,800	3,274	(526)	2,000	1,406	(594)
Transfers in	24,082	5,000	(19,082)	29,944	27,119	(2,825)
Total Receipts	<u>176,821</u>	<u>161,569</u>	<u>(15,252)</u>	<u>197,598</u>	<u>200,776</u>	<u>3,178</u>
DISBURSEMENTS						
Assessor	168,785	164,609	4,176	208,734	204,314	4,420
Total Disbursements	<u>168,785</u>	<u>164,609</u>	<u>4,176</u>	<u>208,734</u>	<u>204,314</u>	<u>4,420</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,036	(3,040)	(11,076)	(11,136)	(3,538)	7,598
CASH, JANUARY 1	8,745	8,745	0	12,283	12,283	0
CASH, DECEMBER 31	<u>\$ 16,781</u>	<u>5,705</u>	<u>(11,076)</u>	<u>1,147</u>	<u>8,745</u>	<u>7,598</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 1,800	2,112	312	1,500	1,821	321
Charges for services	4,000	3,541	(459)	3,700	4,323	623
Interest	75	49	(26)	100	147	47
Total Receipts	<u>5,875</u>	<u>5,702</u>	<u>(173)</u>	<u>5,300</u>	<u>6,291</u>	<u>991</u>
DISBURSEMENTS						
Sheriff	7,212	5,808	1,404	8,649	8,303	346
Total Disbursements	<u>7,212</u>	<u>5,808</u>	<u>1,404</u>	<u>8,649</u>	<u>8,303</u>	<u>346</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,337)	(106)	1,231	(3,349)	(2,012)	1,337
CASH, JANUARY 1	1,337	1,337	0	3,349	3,349	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>1,231</u>	<u>1,231</u>	<u>0</u>	<u>1,337</u>	<u>1,337</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	850	(150)	1,200	1,090	(110)
Interest	200	216	16	200	235	35
Total Receipts	<u>1,200</u>	<u>1,066</u>	<u>(134)</u>	<u>1,400</u>	<u>1,325</u>	<u>(75)</u>
DISBURSEMENTS						
Prosecuting Attorney	1,350	1,000	350	1,950	786	1,164
Total Disbursements	<u>1,350</u>	<u>1,000</u>	<u>350</u>	<u>1,950</u>	<u>786</u>	<u>1,164</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	66	216	(550)	539	1,089
CASH, JANUARY 1	5,168	5,168	0	4,629	4,629	0
CASH, DECEMBER 31	<u>\$ 5,018</u>	<u>5,234</u>	<u>216</u>	<u>4,079</u>	<u>5,168</u>	<u>1,089</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 128,454	152,742	24,288	119,260	120,673	1,413
Intergovernmental	215,990	204,941	(11,049)	184,834	193,094	8,260
Charges for services	54,009	38,076	(15,933)	33,406	38,343	4,937
Interest	13,461	13,457	(4)	14,000	13,461	(539)
Other	21,600	20,339	(1,261)	15,396	20,798	5,402
Total Receipts	<u>433,514</u>	<u>429,555</u>	<u>(3,959)</u>	<u>366,896</u>	<u>386,369</u>	<u>19,473</u>
DISBURSEMENTS						
Salaries	342,655	332,082	10,573	292,607	305,198	(12,591)
Office expenditures	85,375	83,605	1,770	96,494	76,915	19,579
Equipment	7,284	12,632	(5,348)	8,900	7,284	1,616
Mileage and training	9,159	12,518	(3,359)	8,377	9,159	(782)
Emergency	13,724	0	13,724	10,000	0	10,000
Total Disbursements	<u>458,197</u>	<u>440,837</u>	<u>17,360</u>	<u>416,378</u>	<u>398,556</u>	<u>17,822</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,683)	(11,282)	13,401	(49,482)	(12,187)	37,295
CASH, JANUARY 1	217,544	217,544	0	229,731	229,731	0
CASH, DECEMBER 31	<u>\$ 192,861</u>	<u>206,262</u>	<u>13,401</u>	<u>180,249</u>	<u>217,544</u>	<u>37,295</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 12,000	13,642	1,642	12,000	13,125	1,125
Interest	1,000	874	(126)	1,000	1,169	169
Total Receipts	13,000	14,516	1,516	13,000	14,294	1,294
DISBURSEMENTS						
Prosecuting Attorney	20,566	20,115	451	40,248	15,750	24,498
Total Disbursements	20,566	20,115	451	40,248	15,750	24,498
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,566)	(5,599)	1,967	(27,248)	(1,456)	25,792
CASH, JANUARY 1	25,792	25,792	0	27,248	27,248	0
CASH, DECEMBER 31	\$ 18,226	20,193	1,967	0	25,792	25,792

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SEWER FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Special assessments	\$ 4,000	4,235	235	4,000	3,812	(188)
Interest	1,200	1,145	(55)	1,000	1,167	167
Total Receipts	<u>5,200</u>	<u>5,380</u>	<u>180</u>	<u>5,000</u>	<u>4,979</u>	<u>(21)</u>
DISBURSEMENTS						
Sewer repairs and maintenance	31,527	162	31,365	27,247	899	26,348
Total Disbursements	<u>31,527</u>	<u>162</u>	<u>31,365</u>	<u>27,247</u>	<u>899</u>	<u>26,348</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,327)	5,218	31,545	(22,247)	4,080	26,327
CASH, JANUARY 1	26,327	26,327	0	22,247	22,247	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>31,545</u>	<u>31,545</u>	<u>0</u>	<u>26,327</u>	<u>26,327</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 2,700	2,883	183	2,500	2,790	290
Interest	25	33	8	50	27	(23)
Total Receipts	<u>2,725</u>	<u>2,916</u>	<u>191</u>	<u>2,550</u>	<u>2,817</u>	<u>267</u>
DISBURSEMENTS						
Health and welfare	<u>2,725</u>	<u>2,916</u>	<u>(191)</u>	<u>2,550</u>	<u>2,817</u>	<u>(267)</u>
Total Disbursements	<u>2,725</u>	<u>2,916</u>	<u>(191)</u>	<u>2,550</u>	<u>2,817</u>	<u>(267)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LOCAL EMERGENCY PLANNING COMMISSION FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$ 15,000	4,127	(10,873)	3,500	7,019	3,519
Interest	100	400	300	250	270	20
Total Receipts	<u>15,100</u>	<u>4,527</u>	<u>(10,573)</u>	<u>3,750</u>	<u>7,289</u>	<u>3,539</u>
DISBURSEMENTS						
Civil defense	<u>24,980</u>	<u>3,043</u>	<u>21,937</u>	<u>13,394</u>	<u>7,053</u>	<u>6,341</u>
Total Disbursements	<u>24,980</u>	<u>3,043</u>	<u>21,937</u>	<u>13,394</u>	<u>7,053</u>	<u>6,341</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,880)	1,484	11,364	(9,644)	236	9,880
CASH, JANUARY 1	9,880	9,880	0	9,644	9,644	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>11,364</u>	<u>11,364</u>	<u>0</u>	<u>9,880</u>	<u>9,880</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S USER FEES FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 9,000	10,758	1,758	9,000	10,762	1,762
Interest	2,500	3,036	536	2,000	2,861	861
Total Receipts	11,500	13,794	2,294	11,000	13,623	2,623
DISBURSEMENTS						
Recorder of Deeds	50,000	3,880	46,120	40,000	0	40,000
Total Disbursements	50,000	3,880	46,120	40,000	0	40,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,500)	9,914	48,414	(29,000)	13,623	42,623
CASH, JANUARY 1	68,173	68,173	0	54,550	54,550	0
CASH, DECEMBER 31	\$ 29,673	78,087	48,414	25,550	68,173	42,623

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 COMMUNITY OUTREACH FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 15,000	15,000	0	8,200	8,200	0
Total Receipts	15,000	15,000	0	8,200	8,200	0
DISBURSEMENTS						
Community food bank	15,000	15,000	0	8,200	8,200	0
Total Disbursements	15,000	15,000	0	8,200	8,200	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$ 0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 3,200	4,445	1,245	2,500	4,390	1,890
Total Receipts	3,200	4,445	1,245	2,500	4,390	1,890
DISBURSEMENTS						
Circuit Clerk	3,600	2,643	957	0	0	0
Total Disbursements	3,600	2,643	957	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	1,802	2,202	2,500	4,390	1,890
CASH, JANUARY 1	17,678	17,678	0	13,288	13,288	0
CASH, DECEMBER 31	\$ 17,278	19,480	2,202	15,788	17,678	1,890

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW LIBRARY FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	9,200	9,333	133	7,200	8,398	1,198
Interest	\$ 400	471	71	225	370	145
Total Receipts	<u>9,600</u>	<u>9,804</u>	<u>204</u>	<u>7,425</u>	<u>8,768</u>	<u>1,343</u>
DISBURSEMENTS						
Law library	4,780	5,463	(683)	4,000	4,507	(507)
Total Disbursements	<u>4,780</u>	<u>5,463</u>	<u>(683)</u>	<u>4,000</u>	<u>4,507</u>	<u>(507)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,820	4,341	(479)	3,425	4,261	836
CASH, JANUARY 1	17,136	17,136	0	12,875	12,875	0
CASH, DECEMBER 31	\$ <u>21,956</u>	<u>21,477</u>	<u>(479)</u>	<u>16,300</u>	<u>17,136</u>	<u>836</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit P

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF DISCRETIONARY FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	35,000	39,207	4,207	26,000	37,104	11,104
Interest	\$ 0	747	747	50	0	(50)
Total Receipts	<u>35,000</u>	<u>39,954</u>	<u>4,954</u>	<u>26,050</u>	<u>37,104</u>	<u>11,054</u>
DISBURSEMENTS						
Sheriff	32,800	35,149	(2,349)	29,544	26,370	3,174
Total Disbursements	<u>32,800</u>	<u>35,149</u>	<u>(2,349)</u>	<u>29,544</u>	<u>26,370</u>	<u>3,174</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,200	4,805	2,605	(3,494)	10,734	14,228
CASH, JANUARY 1	14,228	14,228	0	3,494	3,494	0
CASH, DECEMBER 31	<u>\$ 16,428</u>	<u>19,033</u>	<u>2,605</u>	<u>0</u>	<u>14,228</u>	<u>14,228</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit Q

VERNON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 MULTA FLORA ROSE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	0	0	0	10,000	10,000	0
Interest	0	54	54	0	0	0
Total Receipts	0	54	54	10,000	10,000	0
DISBURSEMENTS						
Weed control	7,764	312	7,452	10,000	2,236	7,764
Return of unspent grant funding	0	7,506	(7,506)	0	0	0
Total Disbursements	7,764	7,818	(54)	10,000	2,236	7,764
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,764)	(7,764)	0	0	7,764	7,764
CASH, JANUARY 1	7,764	7,764	0	0	0	0
CASH, DECEMBER 31	\$ 0	0	0	0	7,764	7,764

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit R

VERNON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF K-9 FUND

	1998		Variance Favorable (Unfavorable)
	Budget	Actual	
RECEIPTS			
Other	800	850	50
Total Receipts	800	850	50
DISBURSEMENTS			
Sheriff	800	946	(146)
Total Disbursements	800	946	(146)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(96)	(96)
CASH, JANUARY 1	0	96	96
CASH, DECEMBER 31	\$ 0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

VERNON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Vernon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1999, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Victim Impact Panel Fund	1999 and 1998
Sheriff Drug Fund	1999 and 1998
Commissioners Escrow Fund	1999

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Shelter for Victims of Domestic Violence Fund	1999 and 1998
Law Library Fund	1999 and 1998
Sheriff Discretionary Fund	1999
Multa Flora Rose Fund	1999
Sheriff K-9 Fund	1998

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Drug Fund	1999 and 1998
Sheriff K-9 Fund	1998

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1999, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and Health Center Board's deposits at December 31, 1999, and the county's deposits at December 31, 1998, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the Health Center Board's custodial bank in the county's or Health Center Board's name.

Of the Health Center Board's bank balance at December 31, 1998, \$167,821 was covered by federal depositary insurance and \$74,642 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances for the Health Center Board were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

VERNON COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1999	1998
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Social Services -				
10.550	Food Distribution	N/A	\$ 496	440
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO-045-0209	52,387	54,860
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO-164-0203	0	8,200
		ERO-164-0281	15,000	0
	Program Total		<u>15,000</u>	<u>8,200</u>
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	6,347	8,702
Passed through state:				
Department of Public Safety-				
16.575	Crime Victim Assistance	97-VOCA-73	0	5,775
		97-VOCA-154	7,699	2,086
		98-VOCA-66	868	0
	Program Total		<u>8,567</u>	<u>7,861</u>
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	820	1,016
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-108-24	221,093	211,372
		BRO-108-26	4,612	21,388
	Program Total		<u>225,705</u>	<u>232,760</u>

Schedule

VERNON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1999	1998
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	19	1,229
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERO146-0209-CLPP	598	299
93.268	Immunization Grants	PG0064-9209-IAP	2,935	0
		PG0064-8209-IAP	0	12,065
		N/A	37,057	32,124
	Program Total		<u>39,992</u>	<u>44,189</u>
Department of Social Services -				
93.563	Child Support Enforcement	N/A	7,255	6,346
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0209C	2,288	3,120
		PGA067-0209S	2,610	3,280
	Program Total		<u>4,898</u>	<u>6,400</u>
Department of Social Services -				
93.667	Social Service Block Grant	ERO-172-017	4,260	335
		ERO-172-062	14,194	14,147
		ERO-172-111	13,794	12,192
	Program Total		<u>32,248</u>	<u>26,674</u>
Department of Health -				
93.991	Preventive Health and Health Services Block Grant	N/A	441	834
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0209M	26,246	18,012
		N/A	2,206	2,920
	Program Total		<u>28,452</u>	<u>20,932</u>
	Total Expenditures of Federal Awards		\$ <u><u>423,225</u></u>	<u><u>420,742</u></u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

VERNON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Vernon County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Of the pass-through amounts for Immunization Grants (CFDA number 93.268) \$37,057 and \$32,124 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$441 and \$834 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$2,206 and \$2,920 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. The remaining pass-through amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 1999 and 1998.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Vernon County, Missouri

Compliance

We have audited the compliance of Vernon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1999 and 1998. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Vernon County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 1999 and 1998. However, the results of our auditing procedures disclosed an instance

of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-1.

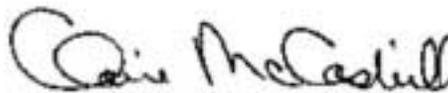
Internal Control Over Compliance

The management of Vernon County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Vernon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

March 30, 2000 (fieldwork completion date)

Schedule

VERNON COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 1999 AND 1998

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes x no

Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk, with the assistance of the Health Center, prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE

The County Clerk indicated she would prepare a complete and accurate schedule. This recommendation will be implemented for the 2000 SEFA to be submitted with the budget due in January 2001.

The Health Center Administrator indicated she will work with the County Clerk to ensure the expenditures for all federal grant programs the Health Center participates in are reported on the 2000 SEFA.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

VERNON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1997, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

VERNON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Our prior audit report issued for the two years ended December 31, 1997, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

VERNON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 30, 2000. We also have audited the compliance of Vernon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 30, 2000.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Vernon County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Computer Controls**

The offices of the County Clerk, County Assessor, and County Treasurer and Ex-Officio County Collector have access to a computer system that is networked together to maintain records of the county's financial transactions, property tax information, and other computerized information. Our review of the computer system controls and procedures indicated the following concerns:

- A. Passwords are used, but are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords effectively limit access to the data files and programs to only those individuals who need access for completion of job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.
- B. The county does not have a formal emergency contingency plan for its computer system. As a result, the county has not made a formal arrangement for the use of backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on data processing, the need for contingency planning is evident.

WE RECOMMEND the County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan for the county's computer systems.

AUDITEE'S RESPONSE

- A. *The County's programmer will be contacted to evaluate the changes necessary to implement this recommendation. We anticipate implementation by December 31, 2000.*
- B. *We are reviewing this issue with the State Emergency Management Agency and anticipate a plan in place by December 31, 2000.*

The Sheriff's department is responsible for collecting civil and criminal process fees, gun permit fees and cash bonds and billing for incarceration costs. Civil, criminal, and gun permit fees are deposited to the Sheriff's main account and remitted to the County Treasurer monthly.

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Our review of cash receipting and depositing procedures for the main account indicated the following concerns:

- 1) Receipts are not deposited on a timely basis. Deposits are made approximately six times per month and average approximately \$1,500. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- 2) Monies received are not always receipted or recorded in a timely manner. During a cash count conducted February 2, 2000, we noted that receipt slips had not been issued for checks and cash on hand totaling \$115 and these monies had not been recorded in the cash control ledger.

Receipt slips should be promptly prepared for all monies received and data posted to the cash control ledger timely. An immediate record of receipt is necessary to properly document and account for all monies received.

- 3) Although the method of payment is noted on receipt slips, it is not reconciled to the composition of bank deposits. To ensure all monies are deposited intact, and to reduce the potential for loss, theft, or misuse of funds, the composition of receipt slips should be reconciled to the composition of bank deposits.
- 4) Check and money orders received are not restrictively endorsed immediately upon receipt. Endorsements are applied at the time deposits are prepared. To

adequately safeguard receipts, all check and money orders to be deposited should be restrictively endorsed immediately upon receipt.

C. The Sheriff's department houses prisoners for other entities (primarily counties) in the county jail and bills the various entities for these services. Generally, the only prisoners held for other entities have been arrested by the sheriff's department on an outstanding warrant and are only held until picked up by the jurisdiction that issued the warrant. Payments are made directly to the County Treasurer. Our review of these billings indicated the following areas where improvements are needed:

- 1) An employee in the Sheriff's department reviews the prisoner log periodically and bills incarceration costs to the applicable entity. Some entities are not billed based on mutual agreement or if the prisoner is held only a limited time. The prisoner log indicates the name of the prisoner, date of incarceration, date of release, the reason the individual is being held, and the entity to bill if necessary. A billing log is maintained to track billings which are sent out. Review of the billing log indicated only one billing was sent out in 1999 and fourteen were sent out in 1998. However, our review of the January and February 1999 prisoner log indicated the county failed to bill other entities for at least four prisoners (total estimated billing \$1,395) for this period.
- 2) The Sheriff has not established a formal policy for follow up collection efforts for unpaid incarceration billings. There appeared to be no follow up on bills that were not paid after the first billing. This may have resulted from incomplete documentation being included on the billing log. The Sheriff is notified by the County Treasurer when a prisoner billing payment is made. The payments are to be reported on the billing log; however, it did not appear that payments were always recorded on it. In addition, bills written off because the other entity refused to pay or that will remain uncollected for other reasons were not clearly indicated on the log. The documentation problems may have limited the billing follow up performed by the department since it may have been difficult to determine the true payment status of each billing.

To adequately account for all incarceration billings due and to maximize county revenues, adequate summary records of amounts due should be maintained. In addition, the Sheriff should establish written procedures for collecting delinquent incarceration billings. Such procedures should consist of periodically identifying billings with past due balances and follow up on the payment status of these billings.

Conditions similar to A, B and C.2 were also noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are

performed and documented.

- B.1. Deposit all monies intact daily or when accumulated receipts exceed \$100.
 - 2. Issue prenumbered receipt slips immediately upon receipt for all monies received and post the receipts to the cash control ledger on a timely basis.
 - 3. Reconcile the composition of receipt slips to the composition of bank deposits.
 - 4. Restrictively endorse checks and money orders immediately upon receipt.
- C. Establish procedures to ensure the cost of boarding prisoners for other entities is properly billed and the log maintained on these billings is accurate and complete. Written procedures should also be established and implemented for pursuing collections of delinquent amounts.

AUDITEE'S RESPONSE

- A. *A new employee has been hired and duties are now going to be segregated.*
- B.1. *Deposits will now be made more timely with the assistance of the new employee.*
 - 2. *This recommendation has been implemented.*
 - 3. *This recommendation will be immediately implemented.*
 - 4. *Checks and money orders are now restrictively endorsed upon receipt.*
- C. *Each jurisdiction is now billed for prisoners held in the county jail. Delinquent billings notices will be sent every six months for up to one year after the original billing until the amount is collected or the decision is made to write off the receivable.*

3. Jail Commissary Controls and Procedures

The Sheriff's department maintains a separate checking account to account for personal monies of inmates. These monies are used by inmates to purchase candy, soda, stamps, and various other products from the commissary. Each inmate's money upon incarceration, as well as amounts received from family members and friends during the inmate's incarceration are deposited with the Sheriff for the inmate's use. A record is maintained for each inmate which reflects monies received on the inmate's behalf, purchases made from the commissary and the available cash balance. When an inmate purchases items from the commissary, the purchase amount is deducted from the balance on the inmate's record. Invoices for the replenishment of commissary inventory are paid from the county's General Revenue Fund and proceeds from commissary sales are paid to the County Treasurer monthly for credit to

the General Revenue Fund. During our review of this account, the related controls, and procedures surrounding it, we noted the following concerns:

- A. Receipt slips are not issued for some monies received. To adequately account for all receipts, prenumbered receipt slips should be issued for all receipts and the numerical sequence accounted for properly.
- B. Receipts are not deposited on a timely basis. Deposits are made approximately four times a month and average approximately \$220. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- C. Although the method of payment is noted on receipt slips, it is not reconciled to the composition of bank deposits. To ensure all monies are deposited intact, and to reduce the potential for loss, theft, or misuse of funds, the composition of receipt slips should be reconciled to the composition of bank deposits.
- D. Follow up on outstanding checks is not done timely. At December 31, 1999, the commissary account included twenty-two checks totaling \$103 that had been outstanding more than one year. These old outstanding checks create additional and unnecessary record keeping responsibilities.

The Sheriff should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payee can be located. If payees cannot be located, the Sheriff should dispose of the monies in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo 1994, and Sections 447.500 through 447.995, RSMo 1994, provide for the disposition of unclaimed monies.

- E. Commissary order forms filled out by prisoners are not consistently signed by them. A review of one prisoner's account noted four of five order forms were not signed. The prisoner's signature provides support that items were actually ordered and received. To ensure the accuracy of commissary account balances procedures should be developed to ensure that order forms are signed.
- F. Each month the ending balances on the prisoner account cards are totaled and that amount is deducted from the reconciled bank balance of the commissary account to determine the amount of money to transmit to the General Revenue Fund. This method provides no assurances that all monies have been appropriately accounted for since reconciliation of prisoner commissary purchases to the amount turned over to the County Treasurer is not also done. Our attempts to reconcile the turnover amount to prisoner purchases for two months during the audit period were unsuccessful. To ensure the money turned over to the County Treasurer is accurate, the projected turnover amount should be agreed to the total purchases noted on commissary order

forms used during the month; with any differences identified and resolved prior to the turnover being made.

WE RECOMMEND the Sheriff:

- A. Issue prenumbered receipt slips immediately upon receipt for all monies received.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Reconcile the composition of receipt slips to the composition of bank deposits.
- D. Establish procedures to investigate checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- E. Ensure prisoners sign all commissary order forms.
- F. Ensure the amount turned over to the County Treasurer monthly for the commissary account agrees to total purchases noted on commissary order forms used for that month. Any differences identified should be reviewed and resolved prior to the turnover being made.

AUDITEE'S RESPONSE

- A. *Staff turnover has resulted in some weaknesses in receipt slip procedures. If turnover is reduced this problem should be eliminated or immensely reduced.*
- B. *Monies will continue to be deposited every Monday. Current procedures appear sufficient for the limited monies handled.*
- C. *This recommendation will be immediately implemented.*
- D. *We will evaluate turning these monies over to the state Unclaimed Property Fund and anticipate completion of this review prior to December 31, 2000.*
- E. *The department's office manager and chief jailer will discuss this issue and ensure forms are appropriately signed in the future.*
- F. *We will start a reconciliation process for the July turnover in August 2000.*

4.**Prosecuting Attorney's Accounting Controls and Procedures**

The Prosecuting Attorney collects fees and restitution on bad checks, delinquent sales tax payments, and receives fees from the courts for prosecution services. The Prosecutor's office requests that bad check offenders remit two money orders, one payable to the merchant for restitution and one payable to the Prosecuting Attorney for the administrative fee. If the offender submits only one money order for the bad check restitution and fees, the monies are deposited to and disbursed from the Prosecuting Attorney's bank account. The bank account is maintained to account for those money orders and all other bad check fee money orders.

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps to ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving, depositing and disbursing receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Check and money orders received made payable to the Prosecuting Attorney are not restrictively endorsed immediately upon receipt. Endorsements are applied at the time deposits are prepared. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.

- C. Receipts are not deposited on a timely basis. Deposits are made weekly and average approximately \$450. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- D. Monthly bank reconciliations were not performed from August 1998 to December 1999. The reconciliations were brought up to date in January 2000. Accurate and complete bank reconciliations are necessary to ensure that all monies are properly deposited, accounting records are in agreement with the bank, and errors or discrepancies are detected on a timely basis.

- E. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, Vernon County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The Prosecuting Attorney's office enters the information from the complaint form into a computer file. The bad check data file is not maintained in a manner that bad check complaint forms can be accounted for. In addition,

procedures have not been established to ensure all bad check complaint forms are accounted for properly and that all bad check complaints are entered on the computer system.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned complaint number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

- F. Backup of computerized bad check information is not performed. The computerized records are at risk of loss due to equipment failure or other electronic disaster. A backup disk should be periodically prepared to provide a means of recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated.

Conditions similar to A, D and E were also noted in our prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Restrictively endorse checks and money orders made payable to the Prosecuting Attorney immediately upon receipt.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Prepare complete and accurate bank reconciliations.
- E. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and ultimate disposition of each bad check.
- F. Ensure computerized bad check records are backed up on disk and these disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *Segregation of duties will be improved where practical and supervisory review of records will be done at least monthly.*
- B. *This recommendation has been implemented.*
- C. *This recommendation has been implemented.*
- D. *Reconciliations are now done monthly.*
- E. *Improvements in the tracking and accounting for bad checks will be evaluated between now and the end of the year and changes made if a cost effective system can be obtained or developed.*
- F. *Computerized bad check information will now be backed up weekly with the disks stored off-site.*

5. Circuit Clerk's Accounting Controls and Procedures
--

The associate and probate divisions are consolidated with the circuit division. During our review of the Circuit Clerk's accounting procedures the following concerns were noted:

- A. Accounting duties are not adequately segregated in the probate division. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Although the method of payment is noted on receipt slips, it is not reconciled to the composition of bank deposits. To ensure all monies are deposited intact, and to reduce the potential for loss, theft, or misuse of funds, the composition of receipt slips should be reconciled to the composition of bank deposits.
- C. At December 31, 1999 nine checks totaling \$603 had been outstanding on the child support account for more than one year. These old checks create additional and unnecessary record keeping responsibilities.

The Circuit Clerk should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payee can be located. If payees cannot be located, the Circuit Clerk should dispose of the monies in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo 1994, and Sections 447.500 through 447.995, RSMo 1994, provide for the disposition of unclaimed monies.

- D. The December 31, 1999 open items listing for the general account included items totaling \$14,700 for cases which date back to 1997 and prior. In addition, the Circuit Clerk has held in a separate checking account approximately \$2,400 since January 1992. The address of the payee is unknown.

The status of old open items should be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible, but proper payees cannot be located the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo 1994, and Sections 447.500 through 447.995, RSMo 1994, provide for the disposition of unclaimed monies.

Conditions similar to A, C and D were also noted in our prior report.

WE RECOMMEND the Circuit Clerk:

- A. Adequately segregate accounting duties or ensure periodic reviews are performed and documented.
- B. Reconcile the composition of receipt slips to the composition of bank deposits.
- C. Establish procedures to investigate checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- D. Establish procedures to routinely review the status of old open items. Any unclaimed monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

- A. *Duties will be segregated beginning September 2000.*
- B. *We will immediately implement this recommendation.*
- C. *Old outstanding checks will now periodically be evaluated and appropriate action taken.*
- D. *As part of automation conversion to the state's banner system we have recently evaluated the status of these cases. The \$2,400 will be turned over to the state Unclaimed Property Fund.*

6.**Assessor's Accounting Controls and Procedures**

The Assessor's office sells maps, public record information and copies to the public. Receipts are transmitted monthly to the County Treasurer. Our review noted the following concerns:

- A. Receipt slips are not prenumbered or issued for all monies received. During a February 3, 2000 cash count conducted one check dated January 24, 2000 had not been receipted. To adequately account for all receipts, prenumbered receipt slips should be issued for all monies and the numerical sequence accounted for properly.
- B. Although the method of payment is noted on receipt slips, it is not reconciled to the composition of transmittals. To ensure all monies are transmitted intact, and to reduce the potential for loss, theft, or misuse of funds, the composition of receipt slips should be reconciled to the composition of transmittals.

WE RECOMMEND the Assessor:

- A. Issue prenumbered receipt slips for all monies received.
- B. Reconcile the composition of receipt slips to the composition of transmittals.

AUDITEE'S RESPONSE

- A. *We will begin to use a prenumbered receipt book immediately.*
- B. *This procedure was implemented in March 2000.*

7.**Health Center's Accounting Controls and Procedures**

- A. Receipt slips are not issued, unless requested. Monies received are recorded on a ledger which is to indicate the method of payment received (cash or check); however, the method of payment is not consistently indicated on it and the method indicated is not always correct based on test work performed. To help ensure that all monies are properly accounted for, prenumbered receipt slips indicating the method of payment should be issued for all monies received. The numerical sequence of receipt slips should be accounted for and the composition of receipt slips issued should be reconciled to the composition of bank deposits.
- B. Monies received are not deposited intact. Personal checks are cashed for Health Center employees from the daily receipts. To ensure receipts are accounted for properly and deposited intact, personal checks should not be cashed from Health Center receipts.

WE RECOMMEND the Health Center:

- A. Issue prenumbered receipt slips for all monies received, account for the numerical sequence of those receipt slips, ensure the method of payment is consistently and correctly recorded on the receipt slips issued and reconcile the composition of receipt slips to the composition of the bank deposits.
- B. Deposit all receipts intact and discontinue the practice of cashing personal checks.

AUDITEE'S RESPONSE

- A. *Receipt slips are now issued for all monies received and the composition of receipt slips is reconciled to the composition of deposits.*
- B. *Effective April 3, 2000, this practice was eliminated. Receipts will now be deposited intact.*

8. Special Road and Bridge Fund Budgets
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The budgets for the Special Road and Bridge Fund did not present a reasonable estimate of the fund's expenditures, particularly so for the year ended December 31, 1999. As Exhibit C illustrates, budgeted expenditures exceeded actual expenditures of the Special Road and Bridge Fund during the years ended December 31, 1999 and 1998, by \$1,047,638 and \$295,870, respectively. Additionally, the county budgeted expenditures in excess of revenues by over \$200,000 in each year. Part of the reason for the significant difference between budgeted and actual expenditures appears to be due to delays in the start or completion of anticipated bridge projects; however, part of the problem also appears to be due to bridge projects being started in a year being budgeted in full even if only a portion of the project will be completed in the budget year. The uncompleted portion of projects will be budgeted again in the subsequent year.

Such budgeting procedures do not allow for proper monitoring and use of the budget as a management tool. The Special Road and Bridge Fund budgets do not reflect realistic estimates or goals of what the county intends to accomplish during the budget year. Additionally, having a larger budget has allowed the county to transfer \$65,693 and \$51,732 during the years ended December 31, 1999 and 1998, respectively to the General Revenue Fund. Section 50.515, RSMo 1994, allows the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The fee is statutorily limited to a maximum of 3 percent of the Special Road and Bridge Fund budget. For the years ended December 31, 1999 and 1998, Vernon County computed the amount of the annual administrative service fee to be 3 percent of the total Special Road and Bridge Fund budget (not including the amount of the administrative service fee). However, by budgeting the same portion of some bridge projects over more than one year, the 3 percent transfer amount appears to be inflated. Had a more reasonable budget estimate been used or actual

disbursements, the transfer amounts to the General Revenue Fund would have been about \$40,000 less over the audit period.

Budgets that do not reasonably estimate the actual activity of the Special Road and Bridge Fund do not present an accurate financial position of the fund and result in more monies being transferred to the General Revenue Fund than would otherwise occur. The County Commission needs to review its budgeting procedures for the Special Road and Bridge Fund as well as reevaluate the amounts being transferred annually for the administrative service fee.

WE RECOMMEND the County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of that fund.

AUDITEE'S RESPONSE

The County Commission stated that attempts will be made for future Special Road and Bridge Fund budgets to only budget the portion of bridge projects anticipated to be completed during the budget year. The County Commission stated the overbudgeting that occurred in 1999 was caused when federal bridge projects did not proceed as quickly as planned. Even though the dollars were not spent, the commission expended significant time on the projects. The transfers made did not exceed 3 percent of the budget and therefore, are in compliance with the law.

This report is intended for the information of the management of Vernon County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

VERNON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Vernon County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented have been repeated in the current MAR.

1. Federal Financial Assistance

The county did not advertise or solicit bids for a computer costing \$3,656 of which \$2,742 was claimed as a grant expenditure.

Recommendation:

The County Commission consult with the grantor agency to resolve the questioned costs and obtain bids in compliance with state law.

Status:

The grantor agency reviewed the expenditure and determined no repayment of funds would be necessary.

2. Sheriff's Accounting Procedures and Controls

- A. An open-items (liabilities) listing was not prepared for the commissary account and reconciled to the cash balance on a monthly basis.
- B.1. Receipts were not deposited on a timely basis. In addition, checks and money orders were not restrictively endorsed immediately upon receipt.
 - 2. An open-items (liabilities) listing was not prepared for the fee account and reconciled with cash balances on a monthly basis.
 - 3. Fees collected were not remitted to the County Treasurer on a timely basis.
- C.1. Donations received to purchase and care for a K-9 unit were deposited into a separate K-9 account and not turned over to the County Treasurer.
 - 2. Receipt slips were not always issued for these donations.
- D. Accounting duties were not adequately segregated.
- E. Adequate logs of amounts billed to other entities for boarding prisoners were not maintained and follow up procedures on amounts billed were not adequate.

Recommendation:

The Sheriff:

- A. Prepare an open items listing on a monthly basis and reconcile it to the cash balance.
- B.1. Deposit receipts daily or when accumulated receipts exceed \$100, and ensure all checks and money orders are restrictively endorsed immediately upon receipt.
 - 2. Prepare an open items listing on a monthly basis and reconcile it to the cash balance.
 - 3. Remit all fees to the County Treasurer on a timely basis.
- C.1. Close the K-9 bank account and turn over all K-9 monies to the County Treasurer.
 - 2. Issue receipt slips for all K-9 monies received.
- D. Adequately segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- E. Adequately maintain the log of amounts billed to other entities for board of prisoners, follow up on any unpaid bills on a timely basis, and instruct the other entities to send their payments directly to the Vernon County Treasurer. In addition, an independent reconciliation of the Sheriff's billing records and the payments received by the County Treasurer should be performed.

Status:

- A. Partially implemented. An open-items listing is prepared for the commissary account; however, procedures used do not ensure all monies are appropriately being accounted for. The Sheriff's department uses the open-items listing to determine the amount of cash to retain in the commissary account with all remaining monies turned over to the County Treasurer. See MAR No. 3.
- B.3,
&C.1. Implemented
- B.1&
D. Not implemented. See MAR No. 2 and 3.
- B.2. Each month's accountable fees are generally distributed from the account monthly, as a result, an open items list does not appear necessary.
- C.2. The Sheriff closed the K-9 account in 1998 and all monies were turned over to the County Treasurer. Donations are no longer received by the county for the K-9 Fund.

- E. Partially implemented. Board of prisoner payments are now sent directly to the County Treasurer; however, an adequate log of amounts billed is not maintained and follow up on unpaid bills is not performed. See MAR No. 2.

3. Circuit Clerk's Procedures

- A. Accounting duties were not adequately segregated.
- B.1. Formal bank reconciliations for the General account were not prepared on a timely basis.
 - 2. The open items listing for this account included items totaling \$11,776 for cases, which dated back to 1995, and prior years.
- C.1. The bank reconciliation for the Child Support account contained numerous reconciling items that were not resolved as of March 1998.
 - 2. The account had twenty-six checks totaling \$2,704 which have been outstanding for more than one year.

Recommendation:

The Circuit Clerk:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B.1. Ensure formal bank reconciliation are prepared on a monthly basis.
 - 2. Establish procedures to routinely follow up on older open items and dispose of them in accordance with state law.
- C.1. Attempt to resolve these reconciling items.
 - 2. Attempt to locate the payees of the old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

Status:

- A. Partially implemented. Duties are now adequately segregated or appropriate supervisory review is now performed in each division of the court except the probate division. See MAR No.5.

B.1.&

C.1. Implemented.

B.2.&

C.2. Not implemented. See MAR No. 5.

4. Prosecuting Attorney's Procedures and Controls

A. Accounting duties were not adequately segregated.

B. Bank reconciliations were not properly performed and documented.

C. An adequate system to account for all bad checks received and their ultimate disposition had not been established.

D. Monthly reports of fees were not filed with the County Commission.

Recommendation:

The Prosecuting Attorney:

A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.

B. Ensure bank reconciliations are properly performed and documented.

C. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check.

D. File monthly reports of fees with the County Commission as required by state law.

Status:

A-C. Not implemented. See MAR No. 4.

D. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

VERNON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1855, the county of Vernon was named after Miles Vernon, a state senator. Vernon County is a township-organized, third-class county and is part of the Twenty-Eighth Judicial Circuit. The county seat is Nevada.

Vernon County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Vernon County received its money in 1999 and 1998 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 324,758	10	275,160	10
Sales taxes	746,881	24	697,279	25
Federal and state aid	1,475,425	48	1,267,131	45
Fees, interest, and other	560,831	18	572,946	20
Total	\$ 3,107,895	100	2,812,516	100

The following chart shows how Vernon County spent monies in 1999 and 1998 from the General Revenue and Special Road and Bridge Funds:

USE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 833,349	29	803,858	26
Public safety	805,319	28	864,720	27
Highways and roads	1,207,826	43	1,480,123	47
Total	\$ 2,846,494	100	3,148,701	100

The county maintains approximately 246 county bridges and 997 miles of county roads.

The county's population was 19,065 in 1970 and 19,041 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	1999	1998	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 102.5	96.5	68.1	36.3	23.2
Personal property	71.3	62.7	20.6	14.9	8.4
Railroad and utilities	23.4	19.0	14.5	13.2	10.2
Total	\$ 197.2	178.2	103.2	64.4	41.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Vernon County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	1999	1998
General Revenue Fund	\$ 0.15	0.12
Health Center Fund	0.08	0.08

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2000	1999
State of Missouri	\$ 60,619	54,136
General Revenue Fund	303,115	218,496
Special Road and Bridge Fund	98,618	87,099
Assessment Fund	87,173	75,419
Health Center Fund	161,237	143,815
Ambulance Fund	280,911	250,572
Sewer Fund	4,152	3,861
Schools	6,628,312	5,484,363
Townships	209,858	186,971
Township Road	479,922	429,109
Township Special Road	224,738	211,869
Cities	108,543	99,775
County Clerk	369	369
County Employees' Retirement	39,750	30,522
Commissions and fees:		
General Revenue Fund	70,453	59,782
Township Collectors	67,545	60,864
Total	\$ 8,825,315	7,397,022

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2000	1999
Real estate	91.6 %	91.0 %
Personal property	92.8	92.7
Railroad and utilities	99.7	100.0

Vernon County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.005	None	50 %

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2000	1999	1998
County-Paid Officials:			
Charles Johnson, Presiding Commissioner		29,060	
Jime Earnest, Presiding Commissioner			19,000
Neal Gerster, Associate Commissioner *		19,000	19,000
Bonnie McCord, Associate Commissioner *		19,000	19,000
Doug Shupe, Recorder of Deeds		41,000	29,000
Wava Halcomb, County Clerk		41,000	31,500
Lynn M. Ewing III, Prosecuting Attorney		49,000	
Neal Quitno, Prosecuting Attorney			36,000
Mickey Mason, Sheriff		38,000	38,000
David Ferry, County Coroner		6,500	6,500
Virginia Habjan, Public Administrator **		40,063	34,708
Phil Couch, Treasurer and Ex Officio County Collector, year ended March 31,	41,047	41,047	
Jeannie M. Reed, County Assessor, year ended August 31, ***		41,900	41,900
John C. Douglas, County Surveyor ****			

* For 1999, \$8,060 in additional salary for each associate commissioner is being held pending resolution of a lawsuit filed in Laclede County regarding associate commissioner compensation.

** Includes fees received from probate cases and salary of \$10,000 in 1998. The 1999 salary will be determined by the Salary Commission at the November 2001 meeting based on the Commission's interpretation of an appellant court ruling on a lawsuit filed by the the Public Administrator against the county.

*** Includes \$900 annual compensation received from the state.

**** Compensation on a fee basis. In addition, the County Surveyor resigned December 31, 1998 and has not been replaced.

State-Paid Officials:

Vickie Erwin, Circuit Clerk	44,292	42,183
Gerald McBeth, Associate Circuit Judge	87,235	85,158

A breakdown of employees (excluding the elected officials) by office at December 31, 1999, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk (1)	0	9
Recorder of Deeds	1	0
County Clerk	5	0
Prosecuting Attorney (1)	4	0
Sheriff (2)	38	0
County Coroner (1)	1	0
Public Administrator (1)	1	0
Treasurer and Ex Officio County Collector	1	0
County Assessor (1)	5	0
County Surveyor	1	0
Associate Division	0	2
Probate Division (1)	0	2
Road and Bridge	7	0
Health Center (3)	11	0
Janitor	1	0
Juvenile	0	5
Total	<u>76</u>	<u>18</u>

- (1) Includes one part-time employee.
- (2) Includes nineteen part-time employees.
- (3) Includes five part-time employee.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Vernon County's share of the Twenty-Eighth Judicial Circuit's expenses is 38.16 percent.